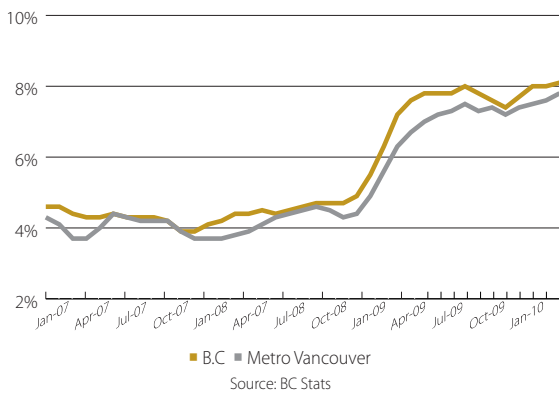


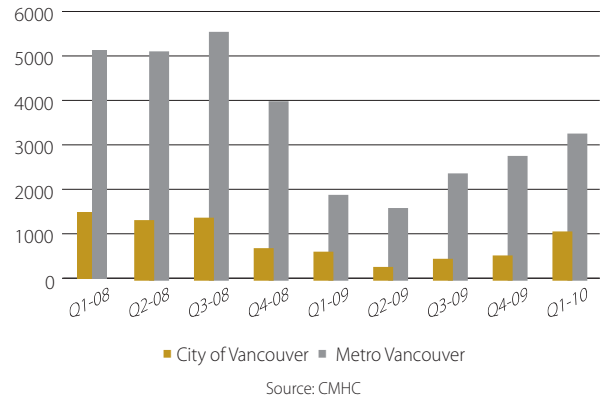
OVERALL

- Recovery took hold during the first half of 2010, most industries cautiously optimistic
- The Olympics heightened activity and interest in the city, but didn't reshape the economy in the short term beyond the publicity boost and ongoing strength in tourism sector
- Unemployment remains above 7%, but many expect to begin hiring again soon
- Several companies opened offices in the city and the region as a result of the Metro Vancouver Commerce 2010 Olympic Business program; hot downtown office market becoming tight
- Arts cuts and competitive incentives elsewhere still a concern in creative industries, though recent activity has been relatively good
- Mining sector has been recovery leader, while forestry and transportation have begun to come back from earlier lows

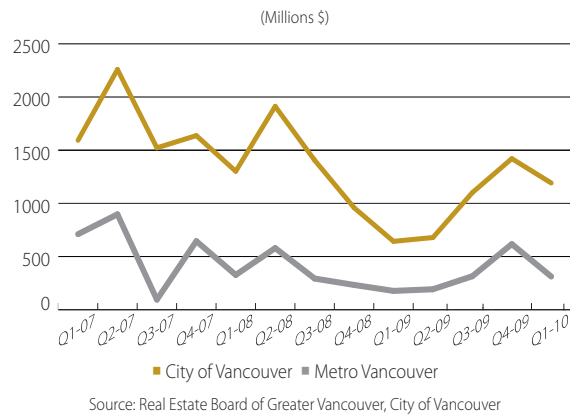
Unemployment Rate



Housing Starts



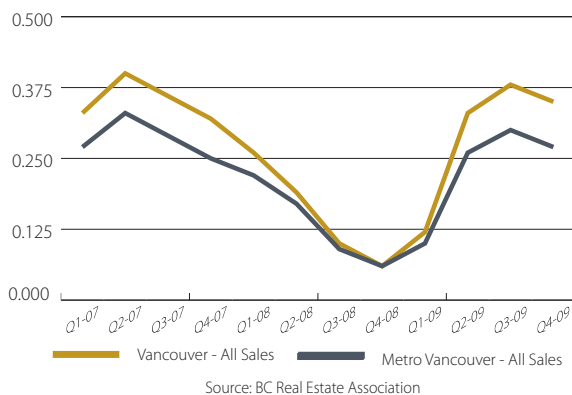
Building Permit Values



HOUSING AND CONSTRUCTION

- Metro construction employment reached a low in April 2010, recovered slightly in May to an estimated 89,900
- Development industry reportedly focusing most future regional projects and planning outside of City of Vancouver
- Residential projects currently leading the way, though worries about residential slowdown compounded by HST introduction
- Relatively few non-residential projects advancing; infrastructure projects will provide a boost through 2010 before stimulus spending expires in 2011

Sales-to-Active Listings Ratio



FREIGHT/CARGO

- Port volumes have recovered more strongly than expected
- Resource industry rebound bodes well for future growth

Port Metro Vancouver

TEU	Cargo in Tonnes	% Change y/y
Q1 - 2009	494,342	-15.08%
Q2 - 2009	549,860	-14.26%
Q3 - 2009	562,942	-17.01%
Q4 - 2009	548,143	-7.16%
Total - 2009	2,155,287	-13.52%
Q1 - 2010	524,778	6.16%

Source: Port Metro Vancouver

TOURISM

- Olympics created massive boost, tourism up 6% over 2009 through April, despite some business travel being crowded out by the Games; increased levels expected to continue through 2010
- Biggest year-over-year increases have been from Europe (up nearly 20%), and US market is recovering (up nearly 10%) after 3 years of decline
- Approved destination status agreement signed with China: premiere tour groups arriving in August, Air Canada & Air China increasing capacity in anticipation

Total Passengers at Vancouver Airport

YVR Passengers		% Change y/y
Q1-2009	3,846,794	-10.7%
Q2-2009	3,985,599	-13.1%
Q3-2009	4,675,111	-8.9%
Q4-2009	3,665,276	-4.1%
Total-2009	16,172,780	-9.4%
Q1 - 2010	3,902,671	1.5%

Source: YVR International Airport

Quarterly Overnight Visitors

Overnight Visitors		% Change y/y
Q1 - 2009	1,467,412	-9.93%
Q2 - 2009	2,020,620	-7.74%
Q3 - 2009	2,958,454	-3.88%
Q4 - 2009	1,664,337	-3.90%
Total - 2009	8,110,823	-6.01%
Q1 - 2010	1,582,020	7.81%

Source: Tourism BC

RESOURCES

- Forest industry experienced a brief spike in prices, which has since moderated
- Solid wood, pulp and bioenergy markets all slow but steady; mills operating, but with curtailed shifts
- Mining is recovery leader with strong prices, increased exploration activity and major projects moving forward
- Imminent legal decisions regarding First Nations will have significant impact on future expansion of the mining sector

HIGH TECH

- Tech sector has recovered faster than expected, as companies weathered recession well and expect sales to pick up
- Significant hiring activity reported in the sector, and most businesses expecting to expand employment in coming months

FILM

- 2010 has been steady: feature film activity down, but TV series work up
- Domestic production down significantly, have mostly moved production to Ontario due to tax credit differences
- Downside risks increasing as competition from other jurisdictions intensifies, now compounded by low Euro attracting more activity

ARTS & CULTURE

- Ticket sales have been continually strong, but some sponsorship fatigue after the Olympics
- Impact of provincial funding cuts continues, with new gaming rules excluding professional organizations: many companies scaling back
- Positive climate of cooperation amongst arts groups created by Olympics; arts community eager to contribute to Vancouver 125th anniversary events in 2011

OFFICE & INDUSTRIAL MARKET

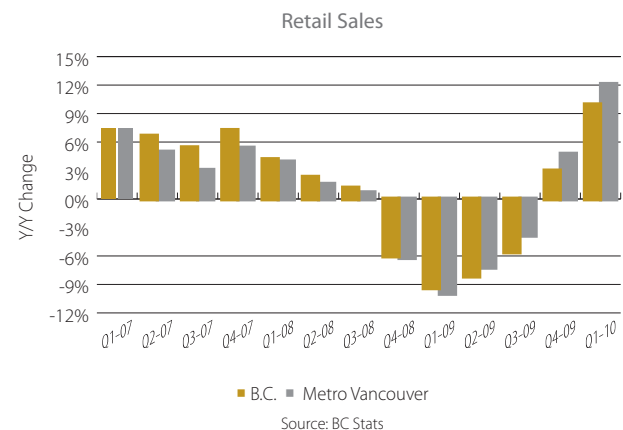
- Downtown office market has been one of hottest in North America, with landlords commanding rents of over \$40 per square foot; tenants are faced with a lack of space and record-high prices
- Office availability rate declining in downtown Vancouver (6.1%), but remains high in the suburbs (11.8%)
- Industrial land values have dropped, and vacancies have gone up sharply in Vancouver (from 2.3% in Q4-2009 to 3.5% in Q1-2010), but remain lower than the regional average (4.5%)

OTHER KEY SECTORS

- Architects' activity has picked up, mostly residential; City of Vancouver activity is mainly small projects, with larger projects elsewhere in region
- International education sector doing reasonably well; large numbers of Saudi students making up for fewer students from Mexico (visa issues) and Japan (economic difficulties)

NEIGHBORHOODS

- Olympics provided a big boost for downtown retail, food & beverage, while many businesses outside downtown core saw business drop during the Games
- Business patterns have largely returned to normal in downtown, though parking lots report fewer vehicles in downtown
- Recovery has yet to be fully felt by many neighborhood-level businesses, and uncertainty persists for those without loyal clientele



COMINGS & GOINGS

New Companies/Expansions in Vancouver Q1-2009

(approximate # of employees)

- EPCM: German Project Management firm establishes Vancouver office to service BC contracts (10)
- Greenlight Project Management: Spanish firm opens North American headquarters (5)
- Holz + Form: Green window and door manufacturer establishing Vancouver manufacturing facility & sales office (10-20)
- Monetime: Online firm offering partner discounts relocates head office from silicon valley (10)

The above firms arrived in Vancouver as part of the Metro Vancouver Commerce 2010 Olympic Business Program; others such as KC Cottrell, Lockheed Martin, and Air Liquide formed partnerships with firms elsewhere in the region through the program.

Other arrivals:

- ICBC: World's largest bank opens first branch at Cambie & West 18th

Departures/Contractions in Vancouver Q1/Q2-2009

- Sugoi: Performance apparel manufacturer closes Mount Pleasant facility to consolidate operations in Burnaby (100)